



For immediate release.

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### Electricity Hedge Market Booming

New Zealand company Energy Market Services (EMS) announced today that its Sydney based d-cyphaTrade operation has set new records with the uptake of electricity futures and options. Trading in the d-cypha SFE electricity futures and options contracts during July and August surged to the equivalent of 67.9% of physical electricity in the National Electricity Market (including NSW, VIC, SA and QLD) consumed during that period. Futures and options trading during the year ending June 2006 increased by 129% on the previous year.

The contracts, launched by d-cyphaTrade in 2002 under a sponsorship arrangement with the Sydney Futures Exchange (SFE), traded 11.3 million MWh in August worth A\$452m, just short of the record set in July of 11.8 million MWh.

"We have really seen the product maturing over the past year" said Kevin Duckworth, EMS Chief Executive Officer. "This is as a result of three factors. The traditional market participants are becoming more familiar with the products. Secondly, we have seen the trading develop following the entry of market traders and financial institutions. More recently the adoption of international hedge accounting standards (IAS 39) in Australia has created increased reliance on the independence and transparency of the futures market" he said.

EMS would like to offer derivative products in the New Zealand market as a mechanism for participants to manage their exposure to movements in the spot price. Mr Duckworth said "the New Zealand electricity industry would be well served by a similar derivative market offering price transparency and risk reduction benefits. The market here is still maturing but we think the time is fast approaching where the market will be demanding these types of products".

More:

Financial year to date, the d-cypha SFE products have averaged 259 (1 MW Quarter) contracts a day, up from the average of 132 for the previous year. Open interest continues to grow, recently reaching a record of 21,539 contracts (i.e. 43,078 bought or sold "sides").

Almost half (47%) of the A\$5.2 billion in notional value of trading in the d-cypha SFE electricity products (including swaps, options and caps) has occurred in the over-the-counter (OTC) market and in turn has been registered for clearing through SFE Clearing Corporation.

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